

Old Age, Disability, Death

First law: 1928.

Current law: 1997, implemented 1998 (private pensions).

Type of program: Social insurance (**old**) and private insurance systems (**new**).

Exchange rate: U.S.1.00 equals 218 forints.

Note: New entrants to the labor force must join the new system.

Employees within 15 years of retirement age choose between the old and new systems.

Coverage

Employees, members of handicraft and agricultural cooperatives, artisans, self-employed, apprentices, independent farmers, artistic performers, and lawyers; recipients of unemployment benefits.

Source of Funds

Insured person-old system: 8% of gross earnings for social insurance.

New system: 2% for social insurance and 6% for private pension fund (voluntary, up to 4% additional).

Maximum earnings for contributions purposes: twice average earnings.

Employer: 22% of payroll.

Government: Any deficit to cover old system.

Above contributions also finance work-injury benefits, and family allowances.

Qualifying Conditions

Old-age pension: Age 60 (men) or 57 (women); reduced for unhealthy work. Age gradually raised to 62 by year 2009 for both men and women (reduced for unhealthy work). Until 2009, 20 years of service for full pension and 15 years for partial pension. Age 60 (men) and 55 (women) and 38 years of service. Reduced pension, age 60 (men) and 55 (women) with 15 years of service.

Disability pension: 67% loss of working capacity and improvement not expected within one year. Either not working or whose income significantly less than prior to onset of disability.

Survivor pension: Insured was pensioner or met employment requirement for disability pension at death.

Old-Age Benefits

Old system: Old-age pension: 43-74% of earnings since January 1, 1988 depending on pension contributions and years of service, from 15-36 years. Additional 1.5% of earnings over 36 years. These rules will be changed in year 2013.

Partial pension: 33% net earnings, if 10 years coverage, rising in steps to 51%, if 19 years coverage.

Minimum pension: 15,350 forints a month.

Adjustment: Semi-annual adjustment according to estimated change in national average wage levels.

New system: Old-age pension: Insured's contributions plus accrued interest. At retirement, insured purchases annuity. Lump sum payment available if 15 years of contributions.

Permanent Disability Benefits

Disability pension: For total disability, 51% of average net earnings since January 1, 1988 if less than 2 years of coverage, increasing by steps to 63% for 25 years' coverage. Thereafter, equal to old-age pension plus 5%.

Survivor Benefits

Survivor pension: 50% of pension of insured, payable to widow who at husband's death was age 55 (60 for widower), disabled, or caring for 2 children.

Paid to other widows or widowers for 1 year only.

Orphans: 30% of pension of insured for each orphan under age 16 (25 if student, no limit if disabled). Full orphan or half-orphan with disabled parent, 60% each of pension of insured. Minimum orphan allowance about 85% of the minimum old age pension.

Dependent parents, 20% of deceased's pension.

Maximum survivor pension: 100% of pension of deceased.

Minimum pension: 7,260 forints a month for widow/widower and full orphans, 6,920 forints for orphans.

Administrative Organization

Central Administration of National Pension Insurance, administration of benefits through its local branches.

National Health Insurance Fund collects contributions through its local branches.

Sickness and Maternity

First law: 1891.

Current law: 1997.

Type of program: Social insurance system.

Coverage

Cash sickness and maternity benefits: Employees, members of cooperatives, apprentices of skilled labor, self-employed, outdoor workers. Pregnancy allowance: All pregnant woman.

Medical benefits: All insured persons entitled to cash sickness benefits, pensioners, unemployment beneficiaries, recipients of social assistance and allowances, beneficiaries of pensions provided by churches, regular students (if Hungarian citizens), all dependent family members and children.

Source of Funds

Insured person: 3% of gross earnings.

Maximum earnings for contribution purposes: 5,080 forints per day.

Employer: 11% of payroll.

Government: Any deficit.

Above contributions also finance short-term work injury cash benefits and medical care for work injuries.

Qualifying Conditions

Cash sickness benefit: Currently insured, or loss of earnings capacity due to illness within 3 days after cessation of insurance. If less than 1 year continuous insurance, benefit is proportional.

Cash maternity benefit: Maternity and confinement allowance: Currently insured, or confinement within 42 days after cessation of insurance, if 180 days of insurance during last 2 years.

Medical benefit: Currently insured or within 30 days after cessation. Provided also for beneficiaries of cash sickness and maternity benefits, supported family members of the insured persons, pensioners, beneficiaries of unemployment benefits, social assistance and allowances, beneficiaries of pensions provided by churches, regular students and dependent children.

Sickness and Maternity Benefits

Cash sickness benefit: 60% of daily average net earnings or 70% if 2 years of continuous employment. Payable from 1st day of incapacity for up to 1 year (or for length of continuous insurance immediately before illness, if less). Employer must pay for first 15 days. Social security pays for 16th day on.

Maternity and confinement allowance: 100% of daily average net earnings if 270 days of insurance within last 2 years before confinement, or 65%, if at least 180 days insurance.

Payable for the period of maternity leave (4 weeks before and 20 weeks after confinement).

Child-care allowance, Maternity grant, and Extended infant-care grant, see Family Allowances, below.

Workers' Medical Benefits

Medical benefits: Medical services provided directly to patients through facilities of public health services in contractual relationship with the health insurance scheme. Includes: preventive care, general and specialist care, including basic dental care, hospitalization, maternity care, medical rehabilitation, sanatorium care, ambulance service. Medicines, appliances, dental prosthetics, orthodontic services and spa treatment are provided upon payment of different rates of compensation by the patient. Life-saving medicines and those for maternity and infant care are free of charge. Travel expenses are covered by the health insurance scheme. Duration: No limit.

Dependants' Medical benefits

Medical benefits for dependents: Same as for insured.

Administrative Organization

National Health Insurance Fund, with county health insurance funds, administration of cash sickness and maternity benefits.

Hungarian Tax Authority, collection of contributions.

Medical care is provided by public medical services, organized and administered by the self-governing local municipalities (some central hospitals and institutes by the Ministry of Health).

Work Injury

First law: 1907 (agriculture, 1900).

Current law: 1997.

Type of program: Social insurance system.

Coverage

Employees, members of cooperatives, students, artisans, self-employed, independent farmers, artistic performers, and lawyers.

Source of Funds

Insured person: See pension and sickness and maternity contributions, above.

Employer: Same.

Government: Same.

Qualifying Conditions

Work-injury benefits: Total disability (incapacity for any paid work) or partial disability (67% loss of working capacity). No minimum qualifying period.

Work injury allowance is granted for work-connected disability of more than 15%.

Payable for only 2 years if loss of working capacity is less than 25%.

Temporary Disability Benefits

Temporary disability benefit: 100% of average net earnings.

Payable from 1st day of incapacity for up to one year (can be extended to 2 years by Medical Experts Institute).

Permanent Disability Benefits

Permanent disability pension: See disability pension, above.

Workers' Medical Benefits

Medical benefits: Same as for ordinary sickness above but medicines and appliances are free of charge.

Survivor Benefits

Survivor pension: 50% of pension of insured. Payable to widow who at husband's death was age 55, disabled, or caring for 2 children.

Paid to other widows for 1 year only. Also payable to dependent and incapacitated widower.

Orphans: 25% of pension of insured for each orphan under age 16 (25 if student). Full orphan or half-orphan with disabled parent, 50% each of pension of insured.

Maximum survivor pensions: 125% of pension of deceased.

Minimum pension: Same as for ordinary survivor pensions.

Administrative Organization

National Health Insurance Fund, administration of work injury benefits.

Hungarian Tax Authority, collection of contributions.

National Pension Insurance Directorate, administration of cash benefits.

Ministry of Health, administration of medical benefits through public medical services.

Unemployment

First law: 1957.

Current law: 1991.

Type of program: Unemployment assistance.

Coverage

Wage earners and salaried employees.

Source of Funds

Insured person: 1.5% of earnings.

Employer: 5% of payroll.

Government: None.

Qualifying Conditions

Unemployment benefit: 48 months of employment before loss of job. Unemployment not due to refusal of suitable offer.

Unemployment Benefits

Unemployment benefit: 70% of average net earnings for first year; 50% for second year.

Minimum: National minimum wage (1993: 9,200 forints per month).

Maximum: 2 times minimum wage.

Administrative Organization

Ministry of Labor, general supervision.

Family Allowances

First law: 1938.

Current law: 1998.

Type of program: Universal system.

Coverage

All residents with 1 or more children.

Source of Funds

Insured person: None.

Employer: None.

Government: Whole cost.

Qualifying Conditions

Family allowances: Family must include one or more children under 16 (age 20 if enrolled in primary or secondary school) or disabled. Means-tested for families with 1 or 2 children, no disabled child.

Family Allowance Benefits

Family allowances: Child-care allowance, minimum pension up to age 3.

Maternity grant, upon birth of child lump sum of 150% of minimum pension paid to mother.

Family allowance (no means-test): 3,800 forints per month for first child, 4,700 forints per month for 2nd child, 5,900 forints per month for 3rd and subsequent children.

For disabled child, 7,500 forints per month per child.

Administrative Organization

Ministry of Social and Family Affairs, general supervision of program.

National Health Insurance Fund, administration of benefits.